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DE RUEHLP #3312 3411822
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R 071822Z DEC 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 1583
INFO RUEHAC/AMEMBASSY ASUNCION 6363
RUEHSW/AMEMBASSY BERN 0124
RUEHBO/AMEMBASSY BOGOTA 3687
RUEHBR/AMEMBASSY BRASILIA 7553
RUEHBU/AMEMBASSY BUENOS AIRES 4807
RUEHCV/AMEMBASSY CARACAS 2059
RUEHPE/AMEMBASSY LIMA 2132
RUEHMD/AMEMBASSY MADRID 3216
RUEHME/AMEMBASSY MEXICO 1955
RUEHMN/AMEMBASSY MONTEVIDEO 4257
RUEHNE/AMEMBASSY NEW DELHI 0069
RUEHQT/AMEMBASSY QUITO 4696
RUEHSG/AMEMBASSY SANTIAGO 9281
RUEHKO/AMEMBASSY TOKYO 0267
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHC/DEPT OF INTERIOR WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

C O N F I D E N T I A L LA PAZ 003312

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STATE FOR WHA/AND LPETRONI
STATE PASS TO DEPT OF AGRICULTURE
USAID/LAC FOR AFRANCO, MSILVERMAN, RLOUDIS, AND JBISSON
USAID/EGAT FOR CJELRON, ANE FOR JWILSON
USDA/FS FOR AMOAD
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: DECL: 12/06/2016

TAGS: [EMIN](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)

SUBJECT: MORALES REPEATS VOWS TO NATIONALIZE FORESTRY,
MINING

REF: A. LA PAZ 2431
[1](#)B. LA PAZ 2780
[1](#)C. LA PAZ 2976
[1](#)D. LA PAZ 3032
[1](#)E. LA PAZ 3161

Classified By: Charge d'Affaires Krishna R. Urs for reason 1.4 (d).

[1](#)1. (U) Echoing past declarations, President Morales vowed December 5 to "recover" Bolivia's forests for the state and "nationalize" the mining industry in 2007. The announcement paralleled past threats to Bolivia's forests (ref A) and mineral resources (refs B and C).

[1](#)2. (C) Comment: Morales' most recent threats will likely have no more immediate impact than those of the past. His announcement of an impending mining "nationalization" may further needle investors, but it is best viewed not so much as a reason to panic, but as further evidence of the GOB's policy incoherence, as it contradicts mid-November assurances from Minister of Mining Jose Dalence and other GOB officials that the government has no plans to nationalize the mining industry (refs D and E). This is not to say, however, that Morales will not eventually act. Experience in the hydrocarbons sector has shown that the president will follow through in at least a limited way on "nationalization" plans, and some change to the mining code and existing tax and royalty structures seems inevitable.

[1](#)3. (C) Comment continued: Morales' announcement of plans to "recover" forestry resources for the state should likewise be treated as a threat with little immediate impact. Backed by

few concrete plans, it is likely little more than a statement delivered in the context of the GOB's usual populist rhetoric; it actually contradicts provisions of the November 28 land reform bill, which took steps to ensure respect for existing forestry concessions. But again, this is not to say Morales will not eventually act; if he does, he could undermine one of Bolivia's few success stories, putting at risk ten years and \$35 million of USAID assistance and threatening the country's position as the world leader in certified natural tropical forests (ref A). We will continue to monitor Morales' public statements for signs of hardening intentions toward either sector. End comment.

URS